



[6450-01-P]

DEPARTMENT OF ENERGY

10 CFR Part 431

(Docket No. EERE-2010-BT-STD-0027)

RIN: 1904-AC28

Energy Conservation Standards for Commercial and Industrial Electric Motors: Public Meeting and Availability of the Preliminary Technical Support Document

AGENCY: Office of Energy Efficiency and Renewable Energy, Department of Energy.

ACTION: Notice of public meeting and availability of preliminary technical support document.

SUMMARY: The U. S. Department of Energy (DOE or Department) will hold a public meeting to discuss and receive comments on the following: the equipment classes DOE plans to analyze for the purpose of amending energy conservation standards for certain commercial and industrial electric motors under section 342(b) of the Energy Policy and Conservation Act (EPCA), as amended; the analytical framework, models, and tools that DOE plans to use to evaluate standards for this type of equipment; the results of preliminary analyses performed by DOE for this equipment; and the potential energy conservation standard levels derived from these analyses, which DOE may consider for this equipment. DOE also encourages interested parties to submit written comments on these subjects. To inform interested parties and facilitate the

public meeting and comment process, DOE has prepared an agenda, a preliminary technical support document (TSD), and briefing materials, which are available at:

http://www1.eere.energy.gov/buildings/appliance_standards/commercial/electric_motors.html

DATES: The Department will hold a public meeting on Tuesday, August 21, 2012, from 9:00 a.m. to 4:00 p.m. in Washington, DC. Any person requesting to speak at the public meeting should submit such request, along with an electronic copy of the statement to be given at the public meeting, before 4:00 p.m., Tuesday, August 7, 2012. Written comments are welcome, especially following the public meeting, and should be submitted by September 7, 2012.

ADDRESSES: The public meeting will be held at the U.S. Department of Energy, Forrestal Building, Room 8E-089, 1000 Independence Avenue, SW., Washington, DC 20585-0121. Please note that foreign nationals participating in the public meeting are subject to advance security screening procedures. If a foreign national wishes to participate in the public meeting, please contact Ms. Brenda Edwards, at (202) 586-2945, not later than August 7, 2012, to provide sufficient time to complete the required screening process.

Interested persons may submit comments, identified by the notice title (Notice of Public Meeting (NOPM) for Energy Conservation Standards for Commercial and Industrial Electric Motors under section 342(b) of the Energy Policy and Conservation Act (EPCA)), and provide the docket number (EERE-2010-BT-STD-0027) and/or the regulatory information number ((RIN) 1904-AC28). Comments may be submitted using any of the following methods:

1. Federal eRulemaking Portal: www.regulations.gov. Follow the instructions for submitting comments.
2. E-mail: ElecMotors-2010-STD-0027@ee.doe.gov. Include the docket number and/or RIN in the subject line of the message.
3. Postal Mail: Ms. Brenda Edwards, U.S. Department of Energy, Building Technologies Program, Mailstop EE-2J, 1000 Independence Avenue, SW., Washington, DC, 20585-0121. If possible, please submit all items on a compact disk (CD). It is not necessary to include printed copies.
4. Hand Delivery/Courier: Ms. Brenda Edwards, U.S. Department of Energy, Building Technologies Program, 950 L'Enfant Plaza, SW., Suite 600, Washington, DC, 20024. Telephone: (202) 586-2945. If possible, please submit all items on a CD, in which case it is not necessary to include printed copies.

Written comments regarding the burden-hour estimates or other aspects of the collection-of-information requirements contained in this proposed rule may be submitted to Office of Energy Efficiency and Renewable Energy through the methods previously listed and by e-mail to Chad_S_Whiteman@omb.eop.gov.

For detailed instructions on submitting comments and additional information on the rulemaking process, see section IV of this document (Public Participation).

Docket: The docket is available for review at www.regulations.gov, including Federal Register notices, framework documents, public meeting attendee lists and transcripts, comments,

and other supporting documents/materials. All documents in the docket are listed in the www.regulations.gov index. However, not all documents listed in the index may be publicly available, such as information that is exempt from public disclosure.

A link to the docket web page can be found at:

http://www1.eere.energy.gov/buildings/appliance_standards/commercial/electric_motors.html.

This web page will contain a link to the docket for this notice on the regulations.gov site. The regulations.gov web page will contain simple instructions on how to access all documents, including public comments, in the docket.

For further information on how to submit a comment, review other public comments and the docket, or participate in the public meeting, contact Ms. Brenda Edwards at (202) 586-2945 or by email: Brenda.Edwards@ee.doe.gov.

FOR FURTHER INFORMATION CONTACT: Mr. James Raba, U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, Building Technologies Program, EE-2J, 1000 Independence Avenue, SW, Washington, DC 20585-0121. Telephone: (202) 586-8654. E-mail: Jim.Raba@ee.doe.gov.

In the Office of the General Counsel, contact Ms. Ami Grace-Tardy, U.S. Department of Energy, Office of the General Counsel, GC-71, 1000 Independence Avenue, SW., Washington, DC 20585. Telephone: (202) 586-5709. E-mail: Ami.Grace-Tardy@hq.doe.gov.

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I. Statutory Authority

The Energy Policy and Conservation Act (EPCA), Pub. L. 94-163, 42 U.S.C. 6291-6317, as amended by the Energy Policy Act of 1992 (EPACT 1992), Pub. L. 102-486, establishes energy conservation standards and test procedures for certain commercial and industrial electric motors manufactured (alone or as a component of another piece of equipment) after October 24, 1997. In December 2007, the Energy Independence and Security Act of 2007 (EISA 2007), Pub. L. 110-140, amended EPCA to update the established energy conservation standards for electric motors and set forth additional energy conservation standards for a larger scope of motors not previously covered. (42 U.S.C. 6313(b)(2))

EPCA directs that the Secretary of Energy shall publish a final rule no later than 24 months after the effective date of the previous final rule to determine whether to amend the standards in effect for such equipment. Any such amendment would apply to electric motors manufactured after a date which is five years after: (i) the effective date of the previous amendment; or (ii) if the previous final rule did not amend the standards, the earliest date by which a previous amendment could have been effective. (42 U.S.C. 6313(b)(4)(B))

Before amending any energy conservation standard for certain commercial and industrial electric motors, the U.S. Department of Energy (DOE or the Department) must first solicit comments on a proposed standard. In doing so, the standard must generally be designed to: (1) achieve the maximum improvement in energy efficiency that is technologically feasible and economically justified; and (2) result in significant conservation of energy. (42 U.S.C. 6295(o)(2)(A) and (o)(3)(B), 42 U.S.C. 6316(a)) To determine whether a proposed standard is economically justified, DOE must, after receiving comments on the proposed standard, determine whether the benefits of the standard exceed its burdens to the greatest extent practicable, weighing the following seven factors:

1. The economic impact of the standard on manufacturers and customers of equipment subject to the standard;
2. The savings in operating costs throughout the estimated average life of the covered equipment in the type (or class) compared to any increase in the price, initial charges, or maintenance expenses for the covered equipment which are likely to result from the imposition of the standard;
3. The total projected amount of energy savings likely to result directly from the imposition of the standard;
4. Any lessening of the utility or the performance of the covered equipment likely to result from the imposition of the standard;
5. The impact of any lessening of competition, as determined in writing by the Attorney General, that is likely to result from the imposition of the standard;
6. The need for national energy conservation; and

7. Other factors the Secretary of Energy considers relevant.

(42 U.S.C. 6295(o)(2)(B)(i) and 6316(a))

Prior to proposing a standard, DOE typically seeks public input on the analytical framework, and software models and tools that will be used to evaluate standards; the results of preliminary analyses; and potential energy conservation standard levels derived from these analyses. Today's notice announces the availability of a preliminary technical support document (TSD), which details the preliminary analyses performed by DOE and summarizes the preliminary results. In addition, DOE is announcing a public meeting to solicit feedback from interested parties on its analytical framework, models, and preliminary results.

II. History of Standards Rulemaking for Commercial and Industrial Electric Motors

The following sections provide a brief summary of the rulemaking activities for commercial and industrial electric motors energy conservation standards.

A. Background

The amendments created by EISA 2007 comprise the most recent revisions to EPCA and the energy conservation standards for electric motors. Because these amendments are already effective and required for manufacturers to meet, DOE is, consistent with the statute, planning to publish a final rule to determine whether to amend the EISA 2007 energy conservation standards for electric motors. Any amended standards that DOE establishes would be published as part of that determination and would apply to electric motors manufactured on a date starting no earlier than five years after the December 19, 2010, effective date of the previous electric motors

standard. Therefore, any amended standards that DOE establishes as a result of this rulemaking would have a compliance date no sooner than December 19, 2015. (42 U.S.C. 6313(b)(4)(B))

B. Current Rulemaking Process

To initiate the commercial and industrial electric motors rulemaking, the Department published on its website the “Energy Conservation Standards Rulemaking Framework Document for Commercial and Industrial Electric Motors” (75 FR 59657 (September 28, 2010)) The framework document describes the procedural and analytical approaches DOE anticipates using to evaluate energy conservation standards for electric motors. This document is available at: http://www1.eere.energy.gov/buildings/appliance_standards/commercial/electric_motors.html.

DOE held a public meeting on October 18, 2010, to discuss the analyses and issues identified in various sections of the framework document. At the meeting, DOE described the different analyses it would conduct, the methods proposed for conducting them, and the relationships among the various analyses. Representatives for manufacturers, trade associations, energy efficiency advocacy organizations, testing laboratories, and other interested parties attended the meeting. Comments received since publication of the framework document have helped DOE identify and resolve issues involved in the preliminary analyses. Chapter 2 of the preliminary TSD summarizes and addresses the comments DOE received.

III. Summary of the Analyses

For each type of electric motor under consideration in this rulemaking, DOE conducted in-depth technical analyses in the following areas: (1) engineering, (2) markups to determine equipment price, (3) energy use, (4) life-cycle cost (LCC) and payback period (PBP), and (5)

national impact analysis (NIA). The preliminary TSD presents the methodology and results of each of these analyses. It is available at the web address given in the **SUMMARY** section of this notice

(http://www1.eere.energy.gov/buildings/appliance_standards/commercial/electric_motors.html).

The analyses are described in more detail following this paragraph.

DOE also conducted several other analyses that either support the five major analyses or are preliminary analyses that will be expanded upon for a notice of proposed rulemaking (NOPR) if DOE determines that amended energy conservation standards are technologically feasible, economically justified, and would save a significant amount of energy, based on the information presented to the Department. The analyses include a market and technology assessment, screening analysis (that contributes to the engineering analysis), and shipments analysis (that contributes to the NIA). In addition to these analyses, DOE has completed preliminary work on a manufacturer impact analysis (MIA) that includes methodologies to be used for the LCC subgroup analysis, the emissions analysis, the employment impact analysis, the regulatory impact analysis, and the utility impact analysis. DOE will expand on these analyses in the NOPR.

A. Engineering Analysis

The engineering analysis establishes the relationship between the cost and efficiency of the equipment DOE is evaluating. This relationship serves as the basis for cost-benefit calculations for individual customers, manufacturers, and the nation. The engineering analysis identifies representative baseline equipment, which is the starting point for analyzing

technologies that provide energy efficiency improvements. Baseline equipment refers to a model or models having features and technologies typically found in equipment currently offered for sale. The baseline model in each equipment class represents the characteristics of the least efficient equipment in that class and, for equipment already subject to energy conservation standards, usually is a model that just meets the current standard. Chapter 5 of the preliminary TSD discusses the engineering analysis.

B. Markups to Determine Equipment Prices

DOE derives customer prices for equipment from data on manufacturer costs, manufacturer markups, retailer markups, distributor markups, and sales taxes. In deriving these markups, DOE has determined: (1) the distribution channels for equipment sales; (2) the markup associated with each party in the distribution chain; and (3) the existence and magnitude of differences between markups for baseline equipment (baseline markups) and markups for more efficient equipment (incremental markups). DOE calculates both overall baseline and overall incremental markups based on the equipment markups at each step in the distribution chain. The overall incremental markup relates the change in the manufacturer sales price of higher efficiency models (the incremental cost increase) to the change in the retailer or distributor sales price. Chapter 6 of the preliminary TSD addresses estimating markups.

C. Energy Use Analysis

The energy use analysis provides estimates of the annual energy consumption of commercial and industrial electric motors. DOE uses these values in the LCC and PBP analyses and in the NIA. DOE developed energy consumption estimates for all equipment analyzed in the engineering analysis. Chapter 7 of the preliminary TSD addresses the energy use analysis.

D. Life-Cycle Cost and Payback Period Analyses

The LCC and PBP analyses determine the economic impact of potential standards on individual customers. The LCC is the total customer expense for equipment over the life of the equipment. The LCC analysis compares the LCCs of equipment designed to meet possible energy conservation standards with the LCCs of the equipment likely to be installed in the absence of standards. DOE determines LCCs by considering: (1) total or incremental installed cost to the purchaser (which consists of manufacturer selling price, sales taxes, distribution chain markups, and installation cost); (2) the operating expenses of the equipment (energy use and maintenance); (3) equipment lifetime; and (4) a discount rate that reflects the real consumer cost of capital and describes the LCC in present-value terms. The PBP is the number of years needed to recover the increase in purchase price (including installation cost) of more efficient equipment through savings in the operating cost of the equipment. It is the quotient of the change in total installed cost due to increased efficiency divided by the change in annual operating cost from increased efficiency. Chapter 8 of the preliminary TSD addresses the LCC and PBP analyses.

E. National Impact Analysis

The NIA estimates the national energy savings (NES) and the net present value (NPV) of total customer costs and savings expected to result from new standards at specific efficiency levels. DOE calculated NES and NPV for each candidate standard level as the difference between a base case forecast (without new standards) and the standards case forecast (with standards at that level). Cumulative energy savings are the sum of the annual NES determined over a specified time period. The national NPV is the sum over time of the discounted net

savings each year, which consists of the difference between total operating cost savings and increases in total installed costs. Critical inputs to this analysis include shipments projections, estimated equipment lifetimes, and estimates of changes in shipments in response to changes in equipment costs due to standards. Chapter 10 of the preliminary TSD addresses the NIA.

IV. Public Participation

DOE consulted with interested parties as part of its process for conducting all of the analyses and invites further input from the public on these topics. The preliminary analytical results are subject to revision following review and input from the public.

The Department encourages those who wish to participate in the public meeting to obtain the preliminary TSD and to be prepared to discuss its contents. A copy of the preliminary TSD is available at the Web address given in the **SUMMARY** section of this notice. However, public meeting participants need not limit their comments to the topics identified in the preliminary TSD; the Department is also interested in receiving views concerning other relevant issues that participants believe would affect energy conservation standards for this equipment or that DOE should address in the NOPR.

Furthermore, the Department invites all interested parties, regardless of whether they participate in the public meeting, to submit in writing by September 7, 2012, comments, data, and information on matters addressed in the preliminary TSD and on other matters relevant to consideration of energy conservation standards for commercial and industrial electric motors.

The public meeting will be conducted in an informal, conference style. A court reporter will be present to record the minutes of the meeting. There shall be no discussion of proprietary

information, costs or prices, market shares, or other commercial matters covered under United States antitrust laws.

After the public meeting and the expiration of the period for submitting written statements, the Department will consider all comments and additional information that it obtains from interested parties or through further analyses. Afterwards, the Department will publish either a determination that the standards for commercial and industrial electric motors need not be amended or a NOPR proposing to amend those standards. Any NOPR will include proposed energy conservation standards for the equipment covered by this rulemaking, and interested parties will be given an opportunity to submit written and oral comments on the proposed standards.

Issued in Washington, DC, on July 10, 2012.

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Deputy Assistant Secretary
Energy Efficiency and Renewable Energy

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